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SUBJECT: KEEPING A FOCUS ON CORRUPTION

1A. HCMC 0499 B. HCMC 0496 C. 02 HANOI 2913

11. (U) Summary. According to CPV officials and official media reports, corruption remains an endemic problem in Vietnam at all levels, but the GVN and CPV are actively taking steps to go after at least some officials. Sweden is assisting with a grant for a "research" project on "root causes" and solutions. Vietnam is unlikely to be very successful in these efforts, however, given the lack of genuinely independent investigatory mechanisms and a free press. End Summary.

The Party tackles corruption

12. (U) In a meeting with Pol/C, Dr. Nguyen Van Quyen -- concurrently Vice Chairman of the Internal Affairs Commission of the Central Committee of the Communist Party of Vietnam (CPV) and Director of the Steering Board of the "Anti-Corruption Project" -- confirmed that the CPV remained "very concerned" about corruption, which has spread to "all levels" of the party and government. He admitted that it was "vitally important" for the future of the party to take even more active measures to confront this "social ill," which affects the authority and legitimacy of the CPV itself. He nonetheless claimed that corruption was already on the decline, thanks mostly to the steps already taken by the CPV, which he said had more "comprehensive coverage" than the governmental Ministry of Home Affairs.

13. (U) Dr. Quyen attributed the pervasiveness of corruption more to "low developmental levels" within Vietnam as well as a lack of adequate legislation than to the problem of low salaries. He noted, however, that the salary issue nonetheless needed to be rectified as well, as discussed at the 8th plenum of the CPV's Central Committee in June. He added that so far "administrative punishments" had been used more often against corrupt officials, but that increasingly provisions of the Criminal Law would be invoked against wrongdoers. He also expressed a hope that the National Assembly would add to or strengthen existing legislation, much of which now takes the form of "ordinances" or "resolutions" passed by the NA's Standing Committee, rather than formal laws passed by the entire Assembly. He claimed no knowledge about whether the number of corruption cases was on the rise or not.

14. (U) High-level corruption was the "most dangerous" to Vietnam, Dr. Quyen opined, while admitting the bad morale impact at the local levels of day-to-day grassroots corruption. He confirmed that the two Central Committee members implicated in the Nam Cam trial (refs a and b) had been the most senior CPV or GVN officials ever convicted on corruption-related charges. He added that, apart from somewhat higher levels of corruption in the more affluent Ho Chi Minh City, there were no noticeable differences among regions in terms of corruption; in particular, ethnic minorities in the Central or Northwest Highlands were no worse off than anywhere else in the country, he claimed. He expressed a hope that recent requirements for declaration of assets by National Assembly candidates and even for Party delegates would be a brake on corruption. (Note: While the requirement for the 11th NA election in May 2002 was well-publicized, Embassy records do not include any references to a similar requirement for the 9th Party Congress in spring 2001, although Dr. Quyen claimed a similar requirement was in place then. end note)

Sweden to the rescue

15. (U) The Government of Sweden in 2002 provided a grant to the CPV of about US\$800,000 to "research" the nature of corruption over a 3 year program, Dr. Quyen confirmed. Much of the program will involve comparative studies, including "study tours" to Sweden, South Korea, Malaysia, and China, as well as several conferences to be held in Vietnam involving both Vietnamese and international experts. The goal will be to determine "more effective measures" to combat corruption based on a "better understanding of root causes," he noted. Dr. Quyen added that the steering board had considered study trips to the U.S. but ruled them out as "too expensive." He said that the CPV also maintained links

with official anti-corruption groups elsewhere, such as ICAC in Hong Kong. Separately, a Swedish diplomat welcomed the CPV's willingness to cooperate bilaterally on such a potentially sensitive subject and to include a formal role for a Swedish adviser, as well as Vietnam's own monetary and in-kind contributions to the project.

16. (U) Dr. Quyen highlighted that other foreign-funded projects had included corruption-related foci, such as UNDP programs with the Ministry of Home Affairs, but that the Swedish project was the first to concentrate exclusively on corruption. He added that the CPV and GVN were discussing a similar project with the EU.

#### Public campaigns

17. (U) Vietnamese media reported on a two-day seminar organized by the CPV in Ho Chi Minh City August 20-21 focused on suppressing corruption. Addressing the seminar were, inter alia, Politburo members Nguen Minh Triet (also HCMC party chief) and Pham Dien (standing member of the CPV secretariat and former Danang party chief) as well as CPV

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Central Committee Internal Affairs Commission chief Truong Vinh Trong. Triet admitted ongoing corruption but predicted "fruitful results" against this "bad practice." Dien noted that the campaign against corruption -- as well as against "negativism and wastefulness" -- was under the "close supervision of the Party leadership." Trong emphasized the need to "clean up the Party and State workforce," while citing a particular focus on the education and training sector. He promised a new anti-corruption task force to help law enforcement officials go after corrupt officials, while urging the mass media to "maintain public support" for anti-corruption efforts. (Comment: likely an indirect reminder not to overstep CPV guidelines by being overly aggressively in tracking down cases the CPV would rather not expose, as began to happen during the Nam Cam investigations. End comment)

18. (U) The media has also reported on some recent cases of punishment for official corruption (following provincial-level cases reported ref c), including:  
-- disciplinary punishment and early retirement of Quang Tri provincial People's Committee Chairman Nguyen Minh Ky in August and September, respectively;  
-- execution in July of Pham Nhat Hong, deputy director of the Ho Chi Minh branch of the state-owned Industrial and Commercial Bank of Vietnam, as well as businessman Tang Minh Phung, for defrauding the government of more than \$350 million (a 1999 case that found another 75 people also guilty; two other death sentences were commuted to life in January 2000);  
-- life sentence in June for Le Quang Toan, former director of Transport Import-Export and Construction Co. 502 for embezzlement of US\$142,000, along with varied sentences for another nine accomplices; and,  
-- sentences of seven and four and a half years in Binh Dinh province for Cat Hung People's Committee accountants Nguyen Huu Truc and Do Van Nhan, along with four suspended sentences for other commune officials for embezzlement of \$13,800 between 1994 and 2000.

#### Comment

19. (U) The CPV and GVN take seriously the threat posed by corruption, not only for their legitimacy but also as to its international reputation as a place to do business. These campaigns are designed in large part for public consumption, to reassure that something is being done on this front and well as genuinely to punish some officials. Given the CPV's own worries about the most dangerous nature of high-level corruption, however, the small-fry nature of most of these cases belies the seriousness of these campaigns. In the absence of genuinely independent investigatory mechanisms and a truly free press, Vietnam's efforts to curb corruption are apt to fall behind the growth of this problem throughout the country.

BURGHARDT